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PROTECTING OLDER AMERICANS AGAINST OVERPAYMENT OF INCOME TAXES

(A Checklist of Deductions and Credits for Use in Taxable Year 1984)

AN INFORMATION PAPER

PREPARED BY THE STAFF OF THE

SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

DECEMBER 1984

This document has been printed for information purposes. It does not offer findings or recommendations by this committee.

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PREFACE

To help assure that older Americans claim every legitimate income tax deduction, exemption, and tax credit, the Senate Special Committee on Aging, in cooperation with the Internal Revenue Service, has prepared this information paper for tax year 1984. We hope this information helps you in filling out your tax forms.

Keeping up with new tax provisions and filling out tax forms can be a very complicated process. In providing this information paper, the Senate Special Committee on Aging hopes to be of assistance to you.

JOHN HEINZ,
Chairman.

JOHN GLENN,
Ranking Minority Member.

IRS ASSISTANCE IS AVAILABLE TO HELP YOU

Tele-Tax: The Internal Revenue Service has a telephone service called Tele-Tax. This service provides recorded tax information tapes on about 140 topics covering such areas as filing requirements, dependents, itemized deductions, and tax credits. Tele-Tax is available 24 hours a day, 7 days a week, to taxpayers who use push-button telephones. Rotary (dial) service is available Monday through Friday during regular office hours. A listing of tapes and instructions on how to use Tele-Tax are near the end of the Form 1040 or Form 1040A and Form 1040EZ instructions.

Publications to assist you: The IRS prepares many free publications that will help answer your tax questions. In addition to the general Publication 17, "Your Federal Income Tax," publications are available on specific topics, such as:

"Tax Benefits for Older Americans" (Publication 554).

"Highlights of 1984 Changes" (Publication 553).

"Credit for the Elderly and the Permanently and Totally Disabled" (Publication 524).

"Tax Withholding and Estimated Tax" (Publication 505).

"Taxpayer's Guide to IRS Information, Assistance, and Publications" (Publication 910).

"Tax Information on Social Security Benefits (and Tier 1 Railroad Retirement Benefits)" (Publication 915).

Single copies of the above publications can be ordered by mail, using the order form in your tax package.

Other special IRS programs offering free assistance: Through the tax counseling for the elderly (TCE) program, IRS-trained volunteers assist individuals age 60

and over with their tax returns at neighborhood locations in many areas. In addition, certain volunteer income tax assistance (VITA) aides have been trained to help older Americans with their tax returns. Your local IRS office will be able to tell you where and when you can find TCE or VITA assistance in your area.

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WHO MUST FILE A FEDERAL TAX RETURN IS GENERALLY DETERMINED BY YOUR INCOME AND YOUR FILING STATUS

You must file a return for 1984, even though you owe no tax if:	*And your income was at least:*
1. You were single, divorced, or married with a dependent child and living apart from your spouse for all of 1984 and were:	
Under age 65	$3,300
Age 65 or over	$4,300
2. You were married filing a joint return and were living with your spouse at the end of 1984 or on the date your spouse died and:	
Both were under age 65	$5,400
One was age 65 or over	$6,400
Both were age 65 or over	$7,400
3. You were married filing a separate return or married but you did not share the same household at the end of 1984	$1,000
4. You were a qualifying widow(er) with a dependent child and:	
Under age 65	$4,400
Age 65 or over	$5,400
5. You received *any* advance earned income credit (EIC) payments from your employer(s) during 1984.	
6. You were self-employed and your net earnings from this work were at least $400, then you must file a return to pay self-employment tax. You are self-employed if you carry on a trade or business as a sole proprietor, a member of a partnership, or an independent contractor. This includes certain part-time work that you do at home or in addition to your regular job. This rule applies regardless of your age; whether or not you are receiving Social Security benefits; and even if you are otherwise not required to file a Federal tax return.	

You must file a return for 1984,
even though you owe no tax if:

7. Income tax was withheld from your pay, then you should file a return so that you can get a refund of the tax withheld, even if you are not required to file a return.

FORM 1040EZ

There is a simplified tax return form, called Form 1040EZ. You may only use this form if:

(1) You are single.

(2) You do not claim an extra exemption for age or blindness.

(3) You claim no dependents.

(4) Your taxable income is less than $50,000.

(5) Your income is all from wages, salaries, tips, and interest of $400 or less.

(6) You do not itemize your deductions; and

(7) You do not claim any tax credit.

You should use this form if you meet these qualifications, because it is easier to fill out than the other forms. If you cannot use Form 1040EZ, you should use either Form 1040 or Form 1040A.

TAX WITHHOLDING AND ESTIMATED TAX PAYMENTS

Federal income tax is withheld from the taxable part of most pension and annuity payments. This includes payments from an individual retirement arrangement, or a life insurance company under an endowment, annuity, or life insurance contract, or from a pension, annuity, profit-sharing plan, stock bonus plan, or any similar plan that defers the time you receive compensation. The amount withheld depends on whether you receive payments spread out over more than 1 year ("periodic payments") or whether you receive all of the payments within 1 year ("nonperiodic payments").

Withholding from periodic payments of a pension or annuity is figured in the same way as withholding from salaries and wages. To tell the company that pays your pension or annuity how much you want withheld, fill out Form W–4P, or a similar form provided by the company, showing your marital status and the number of withholding allowances to which you are entitled. If you

do not give the payer a Form W–4P, tax will be withheld as if you are married claiming three withholding allowances. You may also use this form to tell the payer you do not want any tax withheld. If you receive a nonperiodic distribution, the payer can tell you the amount that will be withheld.

Tax will be withheld at the rate of 10 percent on any nonperiodic payments you receive, unless they are part of a "qualified total distribution." A qualified total distribution is payment within 1 year of your entire interest in a pension, profit-sharing, stock bonus, or qualified annuity plan.

Because the withholding rates for nonperiodic payments do not depend on withholding allowances or whether you are married or single, Form W–4P is not used. The withholding rates are fixed; you cannot increase or decrease the amount withheld. However, you can use Form W–4P to choose to have no tax withheld from nonperiodic payments or to revoke a choice to have no tax withheld.

Remember, if no tax or not enough tax is withheld from your income, you may need to pay estimated tax. Your estimated tax generally is the total of your expected income tax and self-employment tax minus your expected withholding and credits. Form 1040–ES provides a worksheet for making this computation.

If your estimated tax for 1985 is $500 or more and you expect your withholding to be less than: (1) 80 percent of the tax shown on your 1985 return, or (2) 100 percent of the tax shown on your 1984 tax return (assuming the return covered all 12 months), you generally must pay an estimated tax and use Form 1040–ES. Installment payments are due April 15, June 15, September 15, and January 15.

For more information, see Publication 505, "Tax Withholding and Estimated Tax."

TAX TABLE AND EXEMPTIONS

TAX TABLE

The tax table has been developed to make it easier for you to find your tax if your taxable income (line 19, Form 1040A; line 7, Form 1040EZ; line 37, Form 1040) is less than $50,000. You *must* use this table *unless* you compute your tax using Schedule G (income averaging).

In that case, you must use the tax rate schedules. The tax table is designed to be used by individuals (other than Schedule G filers) whether or not they itemize their deductions. This is possible because of an adjustment made on Schedule A and an amount built into the tax table known as the "zero bracket amount." This flat amount based on your filing status provides a minimum deduction for all individuals. If you are married filing jointly or a qualifying widow or widower, your zero bracket amount is $3,400. If you are single or a head of household, your zero bracket amount is $2,300. If you are married filing separately, it is $1,700.

DEDUCTION FOR A MARRIED COUPLE WHEN BOTH WORK

Two-earner married couples filing jointly are allowed a deduction based upon the qualified earned income of the spouse with the lesser earnings. The maximum deduction is $3,000. This deduction may be taken on Form 1040 or Form 1040A.

EXEMPTIONS

You are allowed a $1,000 deduction for each exemption shown on your tax return (line 5e, Form 1040A; line 6, Form 1040EZ; line 6e, Form 1040). You are allowed an additional $1,000 exemption if you are age 65 or older by the last day of the tax year. If your spouse is age 65 or older, your spouse is also allowed an additional $1,000 exemption.

In addition, you and your spouse may be able to claim a $1,000 exemption for blindness (refer to your tax instruction booklet for more details on this exemption). Age and blindness are determined on the last day of your tax year. This is December 31 for most taxpayers. You are considered age 65 on the day before your 65th birthday. Thus, if your 65th birthday was on January 1, 1985, you may take the extra exemption for age on your 1984 tax return.

MULTIPLE SUPPORT AGREEMENTS

In general, a person may be claimed as a dependent of another taxpayer, provided five tests are met: (1) Support, (2) gross income, (3) member of household or relationship, (4) citizenship, and (5) separate return.

The support requirement is that the person claiming the exemption must have contributed more than one-

half of the individual's total living expenses. But in some cases, two or more individuals provide support for an individual, and no one has contributed more than half the person's support. However, it still may be possible for one of the individuals to be entitled to a $1,000 dependency exemption if all of the following requirements for multiple support are met:

(1) Two or more persons—any one of whom could claim the person as a dependent if it were not for the support test—together contribute more than half of the dependent's support.

(2) Any one of those who individually contribute more than 10 percent of the mutual dependent's support, but only one of them, may claim the dependency deduction.

(3) Each of the others must sign a written statement that he or she will not claim the dependency exemption for that year. The statement must be filed with the income tax return of the person who claims the dependency exemption. Form 2120, "Multiple Support Declaration," may be used for this purpose.

Note: You may include with your medical expenses those medical expenses you paid for a person for whom you meet the support test under a multiple support agreement, even if you may not claim the person as a dependent because he or she had gross income of $1,000 or more.

PRESIDENTIAL ELECTION CAMPAIGN FUND

You may voluntarily choose to have $1 of your taxes ($2 on a joint return) paid into this fund to help pay for Presidential election campaigns. Making this choice will not change the amount of tax you pay or the amount of refund you will receive.

CHECKLIST OF ITEMIZED DEDUCTIONS FOR SCHEDULE A (FORM 1040)

MEDICAL AND DENTAL EXPENSES

Medical and dental expenses are payments you make for the diagnosis, cure, relief, treatment, or prevention of disease. They also include payments for treatment affecting any part or function of the body. Expenses for transportation for needed medical care are included in medical expenses. Payments for insurance that provides medical care for you, your spouse, and dependents are

included in medical expenses. Unreimbursed expenses are deductible to the extent they are more than 5 percent of your adjusted gross income (line 33, Form 1040). Expenses may be deducted only in the year you paid them. If you charge medical expenses on your credit card, the expenses are deducted in the year the charge is made regardless of when the bill is paid.

Drugs and medicines.—Prescribed medicines and drugs, and insulin are deductible. These items are included in medical expenses, subject to the 5-percent rule.

Examples of unreimbursed medical and dental expenses.—You may deduct the costs of:

—Prescribed medicines and drugs, and insulin.

—Doctors, surgeons, dentists, eye doctors, gynecologists, chiropractors, osteopaths, podiatrists, chiropodists, psychiatrists, psychologists, physical therapists, acupuncturists, Christian Science practitioners, and psychoanalysts.

—Medical examination, X-rays and laboratory services, insulin treatments, and whirlpool baths ordered by a doctor.

—Nursing help. However, if you pay someone to do both nursing and housework, you may deduct only the cost of the nursing help.

—Hospital care (including meals and lodging), clinic costs, lab fees.

—Medical treatment at a center for drug addicts or alcoholics.

—Medical aids such as hearing aids (and batteries), false teeth, eyeglasses, contact lenses, braces, orthopedic shoes, crutches, wheelchairs, guide dogs and the cost of maintaining them if you are blind or deaf.

—Oxygen equipment and oxygen to relieve problems in breathing caused by a medical condition.

—Ambulance service and other travel costs to get medical care. If you used your own car, you may claim what you spent for gas and oil to go to and from the place you received medical care, or you may claim 9 cents a mile. Add parking fees and tolls to the amount you claim under either method.

—Cosmetic surgery.

—Cost and repair of special telephone equipment for the deaf.

—Extra cost of a specially equipped television set and the cost of an adapter for a regular set that provides subtitles for a deaf person.

—Part of the cost of braille books and magazines that is more than the price for regular books and magazines.

—Capital expenditures for medical purposes, such as air-conditioning or elevators. If these expenses are for permanent improvements that increase the value of the property, you may include them as medical expenses only to the extent that they are more than the increase in the value of the property.

—Cost of a nursing home (including meals and lodging) if the availability of medical care is a principal reason for being in the nursing home.

—Medical care included in the "life-care fee" or "founders fee" of a retirement home that is paid monthly or as a lump sum under an agreement with the home. The deductible amount must be set apart for medical care.

—Cost of special equipment, such as a motorized wheelchair or autoette, special hand controls and other special equipment installed in a car specifically for the use of a physically handicapped person.

You may only deduct those medical expenses that are more than 5 percent of your adjusted gross income.

TAXES

- Real estate
- General sales
- State, local, or foreign income
- Personal property

If the optional State sales tax tables are used in arriving at your general sales tax deduction, generally the only additional sales taxes you may add to the table amount are those you paid to purchase the following items: Automobiles, trucks, motorcycles, airplanes, boats, mobile or motor homes, and material used to build a new home if the sales tax on the materials is imposed on you and the tax rate was the same as the general sales tax rate.

When using the sales tax tables, add to your adjusted gross income any nontaxable income such as the untaxed part of Social Security and railroad retirement benefits, veterans benefits, workers' compensation, the

untaxed part of long-term capital gains, dividends untaxed because of the exclusion, interest on municipal bonds, untaxed interest on all-savers certificates, the untaxed part of unemployment compensation, untaxed disability income, the deduction for a married couple when both work, and public assistance payments.

INTEREST

- Personal loan
- Home mortgage
- Auto loan
- Loans on life insurance
- Installment purchases

Bank and other general purposes credit cards.—Deduct the finance charge added to your monthly statement if no part of the charge was for investigation fees, membership fees, loan fees, service charges, or similar charges.

Points.—When buying a residence, "points" are interest paid in advance. You may deduct the amount you pay as points in the year of the payment—if the loan is used to buy or improve your principal residence and is secured by that residence. In addition, the payment of points must be an established business practice in the area where the loan was made, and the points must not exceed the number of points generally charged in your area.

If the residence you purchase is not your principal residence, you may not deduct the full amount for points in the year paid. Instead, the prepaid interest paid as points must be spread over the life of the mortgage, and it is considered "paid" and is deductible over that period.

Points are not deductible if they represent charges for services rendered by the lending institution (e.g., VA or FHA points are not deductible as interest). Also, points are not deductible if paid by the seller. These are selling expenses that reduce the amount realized.

Penalty for prepayment of a mortgage.—This is deductible as interest.

Revolving charge accounts.—These finance charges may be deducted if separately stated on your bill.

CONTRIBUTIONS

In general, contributions to religious, charitable, educational, scientific, or literary organizations may be deducted up to 50 percent of your adjusted gross income

(line 33, Form 1040). Contributions to certain private nonoperating foundations, veterans organizations, fraternal societies, or nonprofit cemetery companies are limited to 20 percent of adjusted gross income (line 33, Form 1040). There is a limit of 30 percent of adjusted gross income for contributions of certain capital gain property. Special rules also apply to contributions of appreciated property. To deduct your contributions, you must make them in cash or other property before the close of your tax year. Other property (clothing, books, furniture, etc.) is deducted at the fair market value. You may deduct contributions you charge to your bank credit card in the year the charge is made.

Examples of other charitable contributions include:

—The cost and upkeep of uniforms that you must wear while performing charitable activities.

—Out-of-pocket expenses (postage, phone calls, stationery) while providing services without pay to a charitable organization.

—Payment of more than the fair market value to an organization for goods, merchandise, services, banquets, shows, sporting events, etc.

—You may also deduct unreimbursed out-of-pocket expenses directly related to services you give to a charitable organization, such as gas and oil for your car. If you do not want to deduct actual expenses, you may use a standard rate of 9 cents a mile. In either case you may deduct parking fees and tolls.

Partial deduction for nonitemizers.—For 1984, you may deduct 25 percent of the first $300 of contributions ($150 for a married person filing a separate return) if you do not itemize your deductions. For 1985, the deduction will be 50 percent of all qualifying contributions, and for 1986, it will be 100 percent. The deduction for nonitemizers will not be available after 1986.

CASUALTY OR THEFT LOSSES

You may deduct casualty losses, such as tornado, flood, storm, fire, auto accident (provided not caused by a willful act or willful negligence), or theft losses. The amount of your casualty loss deduction is generally the lesser of (1) the decrease in fair market value of the property as a result of the casualty, or (2) your adjusted basis in the property. This amount must be reduced by any insurance or other reimbursement you receive. In

the case of property held for personal use, each loss is reduced by the $100 limitation.

Your nonbusiness casualty or theft losses are deductible only to the extent that your total losses during the year exceed 10 percent of your adjusted gross income after reducing each separate casualty or theft by $100. You must use Form 4684 to figure your casualty or theft loss. Report your casualty or theft loss on Schedule A.

MISCELLANEOUS DEDUCTIONS

In addition to the other itemized deductions, you may deduct certain miscellaneous expenses on Schedule A, Form 1040. A list of the most common expenses follows. For more information, see Publication 529, "Miscellaneous Deductions."

Educational expenses.—Amounts you paid for education that is: (1) Required by your employer to maintain your position, or (2) for maintaining or improving skills you must have in your present position.

Business use of your home.—You may deduct expenses for business use of part of your home only if you use that part exclusively and regularly for your work as an employee if it is used for the convenience of your employer.

Employee expenses.—Examples of expenses you may deduct if you were not reimbursed for them are:

—Union dues.
—Safety equipment, small tools, and supplies you need for your job.
—Protective clothing, such as hard hats and safety shoes.
—Uniforms required by your employer which you cannot usually wear away from work.
—Maintenance of uniforms you are required to have by your employer.
—Costs of bond, if required for employment.
—Physical examinations required by your employer.
—Dues to professional organizations and chambers of commerce.
—Fees to employment agencies and other costs to get a new job in your present trade or profession.

Expenses of producing income.—You may deduct what you paid to produce or collect taxable income or to manage or protect property held for producing income.

Examples of these expenses are:
—Tax return preparation fees.
—Safe deposit box rental.
—Custodial (e.g., trust accounts) fees.
—Fees paid to investment counselors.
—Fees to collect taxable interest or dividends.
—Gambling losses, but not more than gambling winnings.

CREDITS

Tax credits are used to reduce the amount of tax you owe. All credits must be taken on Form 1040, with the exception of the credit for child and dependent care expenses, the credit for contributions to candidates for public office, and the earned income credit which may be taken on Form 1040A. No credits may be taken on Form 1040EZ.

The most common credits are:

CREDIT FOR CHILD AND DEPENDENT CARE EXPENSES

A portion of certain payments made for child and dependent care may be claimed as a credit against tax.

If you maintained a household that included your dependent under age 15 *or a dependent or spouse incapable of self-care,* you may be allowed a credit for employment-related child and dependent care expenses. These expenses must have been paid during the taxable year in order to enable you to work either full or part time.

The amount of credit is 30 percent of your qualifying expenses if your adjusted gross income (line 33, Form 1040 or line 15, Form 1040A) is $10,000 or less. The 30-percent rate is reduced by 1 percent for each additional $2,000 of adjusted gross income (or part of $2,000) until the percentage is reduced to 20 percent for income above $28,000.

The maximum amount of expenses that may be used to compute the credit is $2,400 for one qualifying person and $4,800 for two or more qualifying persons.

See the Form 1040A instructions or, if you file Form 1040, see Form 2441 for more information, including a special rule for divorced or separated taxpayers.

CREDIT FOR THE ELDERLY AND THE PERMANENTLY AND TOTALLY DISABLED

You may be able to claim this credit and reduce taxes if you are: (1) Age 65 or over, or (2) under age 65 and retired with a permanent and total disability for which you receive taxable disability benefits.

For more information, see the instructions for Schedule R.

RESIDENTIAL ENERGY CREDIT

The residential energy credit was designed to encourage energy saving and the development of renewable energy sources. There are two energy credits, each with its own conditions and limits. These credits are based on: (1) Costs for home energy conservation, and (2) costs for renewable energy source property.

An accumulated credit of a maximum of $300 may be claimed for expenditures for energy conservation property installed in or on your principal residence, whether you own or rent it. The residence must have been substantially completed before April 20, 1977. Items eligible for the credit are limited to the following: Insulation (fiberglass, cellulose, etc.) for ceilings, walls, floors, roofs, water heaters, etc.; exterior storm (or thermal) windows or doors; calking or weatherstripping for exterior windows or doors; a furnace replacement burner that reduces the amount of fuel used; a device to make flue openings (for a heating system) more efficient; an electrical or mechanical furnace ignition system that replaces a gas pilot light; an automatic energy-saving setback thermostat; and a meter that displays the cost of energy usage.

The maximum credit for renewable energy source property is $4,000. Equipment used in the production or distribution of heat or electricity from solar, geothermal, or wind energy sources for residential heating, cooling, or other purposes may qualify for this credit.

Examples of items that *do not* qualify for energy credit are the following: Carpeting, drapes, awnings, shades, wood paneling, fireplace screens, new or replacement walls (except for insulation inside the walls), exterior siding, heat pump, wood or peat burning stoves, fluorescent lights, hydrogen fueled residential equipment, equipment using wind energy for transportation,

expenditures for a swimming pool used as an energy storage medium, and greenhouses.

For further information, consult the instructions for Form 5695, "Residential Energy Credits," and IRS Publication 903, "Energy Credits for Individuals."

POLITICAL CONTRIBUTIONS

You may take a partial credit (line 44, Form 1040; or line 21b, Form 1040A) for campaign contributions to candidates for Federal, State, or local office, to newsletter funds, and to political committees of candidates and elected public officials. The amount of the tax credit is limited to one-half of the political contribution, with a $50 ceiling ($100 for couples filing a joint return). You must have a written receipt to prove your contribution. Canceled checks will, in most cases, meet the requirements for a written receipt.

EARNED INCOME CREDIT

If you have a child who shares your principal residence in the United States for the entire year, you may be entitled to a special payment or credit of up to $500. This is called the earned income credit. It may come as a refund check or be applied against any taxes owed. Generally, if your earned income and adjusted gross income were less than $10,000, you may be able to claim the credit.

Earned income means wages, salaries, tips, strike benefits, other employee compensation, disability pensions, and net earnings from self-employment. A married couple must file a joint return to be eligible for the credit. However, certain married persons living apart with a dependent child may also be eligible to claim the credit.

For more information, see instructions for Form 1040 or Form 1040A.

SALE OF YOUR PERSONAL RESIDENCE

You may exclude or defer from your gross income some or all of your gain from the sale or exchange of your principal residence, if you meet certain requirements at the time of the sale or exchange.

If you were age 55 or older on the date of sale or exchange you may elect to exclude from gross income up to $125,000 of gain provided you owned and occupied

the residence for 3 of the 5 years ending on the date of sale.

Also, if you meet certain requirements, you may defer from gross income part or all of the gain from the sale or exchange of your personal residence if, within 24 months before or 24 months after the sale or exchange, you buy or build and occupy another residence.

Form 2119, "Sale or Exchange of Principal Residence," is used to report the sale of your principal residence whether or not you bought another one. Taxable gains from the sale of your residence are then reported on Schedule D. Losses from such a sale are not deductible.

See Publication 523, "Tax Information on Selling Your Home."

SAVINGS INCENTIVES

Dividend exclusion.—You may exclude up to $100 on a separate return and up to $200 on a joint return of your qualifying dividend income.

Exclusion of reinvested stock dividends from public utilities.—Shareholders in a domestic public utility corporation who choose to receive their dividends in the form of qualified common stock may exclude up to $750 ($1,500 for a joint return) from taxable income.

Individual retirement arrangements.—Contributions to a single IRA are limited to the lesser of 100 percent of compensation or $2,000. Contributions to a spousal IRA are limited to the lesser of 100 percent of compensation or $2,250. This amount may be divided between the spouses in any manner, provided no more than $2,000 is contributed for any one spouse. See Publication 590, "Individual Retirement Arrangements (IRA's)," for more information.

Keogh plans.—You must have earnings from self-employment to claim a deduction to a Keogh (H.R. 10) plan. Starting in 1984, the tax treatment of Keogh plans becomes more like that of other qualified plans. For details on the changes and for other information on Keogh plans, see Publication 560, "Self-Employed Retirement Plans."

1985 INCOME TAX ITEMS OF INTEREST TO OLDER AMERICANS

(1) Beginning in 1985, the income limit for the earned income credit will increase from $10,000 to $11,000 and the maximum credit will increase from $500 to $550. You may file either a joint return or as head of household. Your child will have to live with you in the United States for more than half the year.

(2) Beginning in 1985, the rules for head of household have changed. Your relative who qualifies you for this filing status need only live with you more than half the year instead of the entire year. Also, you will qualify for this filing status if the reason why your married child who lives with you is not your dependent is because your spouse or former spouse is allowed the dependency exemption.

(3) Beginning in 1985, you may use a standard rate of 12 cents a mile for unreimbursed automobile expenses related to services you give to a charitable organization.

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